APPENDIX ‘A’

QUESTIONS FROM MSWG

OPERATIONAL & FINANCIAL MATTERS

Question 1

TDM had re-evaluated the approved Vision 2025 and extended it to Vision 2027.
(page 49 of Annual Report. (AR) 2022)

a) The plantation segment is targeting a profit after tax (PAT) of RM80 million. What is the assumed average CPO price to achieve this target?

Answer:

The assumed average price of CPO to achieve a PAT of RM80.0 million by FY2027 is RM3,850/MT and PK average price is RM2,320/MT.

b) FFB production was 277,739 MT in FY2022. The average age of your palm trees in Malaysia is 18 years. Where is the growth going to come from for TDM to achieve FFB production of 386,700 MT in 2027?

<u>Answer:</u>

In the financial year 2027, our Strategic Business Plan (SBP) targets to produce 386,700mt of FFB. This target is based on the fact that 53% of our planted area is comprised of young & prime palms between the ages of 4 and 15. As compared to FY2022, our young prime area is lower at 26%. The average age of our palm trees will improve to 13 years in 2027.

c) Please explain the OCP of 150,000 MT. Is this CPO production? If yes, where is the growth going to come from?

Answer:

- OCP stands for Outside Crop Purchase ("OCP"), and it refers to the purchase of FFB from FFB traders. Therefore, it is not CPO Production. OCP aims to maximise our mill's utilisation and reduce the processing cost.

- As of current OCP Performance, we target to achieve the budgeted 60,000MT of OCP in FY2023. Through our various initiatives and engagement with FFB traders including smallholders, we strive to achieve 150,000MT of OCP in 2027 which is equivalent to 150% improvement compared to 2023 OCP's figure.

c) Please explain the OCP of 150,000 MT. Is this CPO production? If yes, where is the growth going to come from?

Answer: *Cont'd*

The projected figures are as follows: -

	Actual FY2022	Budget FY2023	Budget FY2024	Budget FY2025	Budget FY2026	Budget FY2027
OCP (MT)	32,552	60,000	90,000	110,000	130,000	150,000

d) What was the average CPO production cost in FY2022 compared to FY2021? What are the expectations for FY2023?

Answer:

Refer below for CPO production cost in FY2022 compared to FY2021 and the expected cost for FY2023:

	FY2021 RM/MT CPO	FY2022 RM/MT CPO	FY2023 RM/MT CPO
Production costs (Ex-Mill)	3,031	3,940	3,176

OPERATIONAL & FINANCIAL MATTERS

Question 2

For the healthcare segment, the Group targets to have 880 operational beds (FY2022: 308) and to achieve a PAT of RM32.0 million in 2027. (page 49 of AR 2022)

a) What is the targeted average occupancy rate by 2027?

Answer:

The targeted average occupancy rate is 79% in FY2027.

b) How many new medical centres (and bed capacity) do you plan to build over the next 5 years? And what is the estimated capex?

Answer:

We are towards achieving of 5 new hospitals with projected bed capacity of 1,000 beds and estimated capex of RM500.0 million.

c) The targeted PAT margin is only 4%. What is the expected ROE based on this margin?

Answer:

The expected ROE is 15.5%.

OPERATIONAL & FINANCIAL MATTERS

Question 3

Employment (Amendment) Act 2022 came into force on 1 January 2023.

What is the expected financial impact from the amendments, which include revision of threshold of wages entitled for overtime payments to RM4,000/ month and reduction of working hours from 48 hours to 45 hours a week?

Answer:

We have complied with the Employment (Amendment) Act 2022 which came into force on 1 January 2023 which include revision of threshold of wages entitled for overtime payments to RM4,000/month and reduction of working hours from 48 hours to 45 hours a week. The total overtime cost FY2022 is RM1.4 million and we forecast RM2.2 million for FY2023.

CORPORATE GOVERNANCE MATTERS

Question 4

Practice 5.8 of the Malaysian Code of Corporate Governance stipulates that the Nominating Committee should be chaired by an Independent Director or the Senior Independent Director. For FY2022, the company did not apply Practice 5.8. The Chairman of the NRC is Haji Mazli Zakuan bin Mohd Noor who is the Non-Independent & Non-Executive Director.

Does the Company intend to apply Practice 5.8, and if yes, by when?

Answer:

As stated in Page 42 of the CG Report 2022, the Company is in compliant with Paragraph 15.08A of the Main Market Listing Requirements which requires nominating committee comprises exclusively of non-executive directors, a majority of whom must be independent.

The Board did not set any timeline to comply with Practice 5.8 of the MCCG.

CORPORATE GOVERNANCE MATTERS

Question 5

Practice 5.9 of the Malaysian Code of Corporate Governance stipulates that 30% of the Board should comprise women. As of FY2022, there was zero woman director out of the 7 directors on the Board.

Does the Company intend to apply Practice 5.9, and if yes, by when?

Please note that all public listed companies on Bursa Malaysia must have at least one woman director by June 2023.

Answer:

TDM Berhad has appointed Dr Norhasiza binti Mat Jusoh as an Independent Non-Executive Director effective 29 May 2023 to comply with Paragraph 15.02 (1) (b) of the Main Market Listing Requirements that requires for at least 1 women director to sit on the Board by 1 June 2023.

The Board did not set any timeline to comply with Practice 5.9 of the MCCG.

TDM

58th ANNUAL GENERAL MEETING

8 JUNE 2023

**ELYSIUM SKYBRIDGE
KTCC DRAWBRIDGE**

EXPLORING OPPORTUNITIES
UNLOCKING POTENTIAL